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STATE FOR NEA, NEA/IPA, NEA/PPD

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NSC FOR NEA STAFF

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HQ USAF FOR XXXX
DA WASHDC FOR SASA
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CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Mideast

Key stories in the media:

Ha'aretz quoted defense sources (and The Jerusalem Post sources in the Prime Minister's Office) as saying that the GOI will continue with the Egyptian-backed cease-fire talks with Hamas despite yesterday's heavy shelling (50 rockets) from Gaza. However, Ha'aretz's sources were quoted as saying that the IDF may step up

operations in response to the attacks. Leading media reported that Hamas initially accused Israel of causing an explosion in a Beit Lahiya (northern Gaza) home that resulted in the deaths of seven Palestinians; however the group was forced to tone down its accusations after it became clear that Israel was not involved. Israel Radio quoted the military branch of Hamas as saying that the explosion occurred during the preparation of a "special jihad operation." Israeli sources were quoted as saying that the incident was probably caused by Palestinians making a bomb. Altogether, 13 Palestinians were killed and two Israelis wounded yesterday. The media quoted the IDF as saying that Gaza militants planned to use the heavy rocket barrage as a diversion while carrying out an attack by with a booby-trapped bulldozer on the Israeli border. The media reported that IDF forces destroyed the vehicle with an anti-tank missile. Israel Radio quoted a senior defense source as saying that Israel is concerned that Hamas may carry out a "quality" attack before the cease-fire settles in.

Israel Radio quoted an Egyptian Foreign Ministry spokesman as saying on Aljazeera-TV following the visit to Cairo of Amos Gilad, the head of the Defense Ministry's Diplomatic-Security Bureau, that Israel intends to implement and wants a cease-fire but that it has raised demands regarding Gilad Shalit and weapons smuggling from Sinai, which Hamas is opposed to. Israel Radio quoted Hamas as saying that Israel has refused to include the Rafah crossing in the cease-fire deal.

Media quoted the pro-Syrian Lebanese newspaper A-Diar as saying yesterday that jailed Lebanese terrorist Samir Kuntar has been told to pack his belongings and prepare to return to Beirut in the near future. The report said that Kuntar, who has been jailed in Israel

since 1979 for killing four people during a terror attack in the northern town of Nahariya, would be returned to Lebanon as part of a prisoner exchange between Israel and Hizbullah, and that the swap could take place by the end of the month. Some media cited the GOI's denial of the story. In an interview with Arabic-language paper Assennara, Hizbullah spokesman Hussein Rahal, was quoted as saying that they [Hizbullah] are not responsible for whatQs been published in the media in regards to the release of Kuntar. He denied the rumor that Hezbollah was officially notified about a release date. Minister Ami Ayalon, former head of Shin Bet, was quoted as saying in an interview with the Arabic-language newspaper Kull Al-Arab that if it was proved to him that the two soldiers in Lebanon are alive, he would agree to release even the devil from the Israeli prisons.

As previously covered, the Knesset earlier this week passed the first reading of a bill that would prohibit Israeli citizens who have visited 'hostile' countries from serving in the Knesset. In its first publication since this action, the Arabic language paper Panorama led with this news, framing it as Israel forcing Muslim Arab MKs to choose between public service and politics or religion - either the Hajj or the Knesset (Saudi Arabia is among the banned countries).

Leading media reported that yesterday American Professors Stephen Walt and John Mearsheimer -- the authors of "The Israel Lobby and U.S. Foreign Policy" -- told a raucous Hebrew University audience that Israel and its lobby were now pressuring the US to attack Iran.

The Jerusalem Post quoted Mearsheimer as saying: "There is only one country in the world that is putting any pressure on the U.S. to attack Iran, and that is Israel. And it is putting enormous pressure on the U.S." "Inside the United States, it is pro-Israel individuals and groups who are almost wholly responsible for pressure being brought to bear on Bush and Cheney to use military force on Iran," he went on. "The idea that the lobby and Israel don't put huge amounts of pressure on the U.S. is contradictory to the evidence."

Ha'aretz, Yediot, and Maariv reported that the UN Security Council is scheduled to discuss a draft resolution next week demanding that Israel halt all construction in West Bank settlements. Representatives of the UN's Arab bloc met yesterday to finalize the draft for submission to the council. Ha'aretz reported that UN sources told the daily that the draft is the first to address the settlement issue in a "sweeping, unequivocal and direct manner." The sources were quoted assaying that the driving force behind the

resolution is Saudi Arabia. Yediot reported that the U.S. is expected to try and halt debate on the issue as use of a veto could undermine Israeli-Palestinian negotiations. Ha'aretz reported that this week the District Council for Planning and Construction in Jerusalem approved a new construction project in the city that will include 1,300 housing units to be built near the ultra-Orthodox neighborhood of Ramat Shlomo, next to the Arab neighborhood of Bet Hanina.

In a first interview with an Israeli newspaper, Egyptian Culture Minister Farouk Hosni, a staunch opponent of normalization with Israel, who even threatened to burn Israeli books, was quoted as saying in Yediot that he is willing to visit Israel. Yediot wrote that Hosni is motivated by his desire to become director-general of UNESCO.

Yediot reported that on June 3 Ambassador Richard Jones sent a letter to Finance Minister Roni Bar-On, drawing his attention to the "troubling issue of the illegal importation of pistachios of Iranian origin to Israel." Jones noted that Israel is the world's largest per capita consumer of pistachio nuts. Citing that Israel has favorable trade deals with the U.S., Jones deplored Israel's preference of imports from Iran over the U.S. in this market. Jones wrote that Iran's product is banned by Israel's Trading with the Enemy Act. The Jerusalem Post reported that former energy minister Moshe Shahal has admitted to the newspaper that Israel may be indirectly, even unwittingly, buying Iranian oil.

The Jerusalem Post reported that a landmark conference bringing together the world's leading parliamentarians in the fight against anti-Semitism will convene at the British Parliament and Foreign Office in February 2009. Key figures in the Inter-Parliamentary Coalition for Combating anti-Semitism (the co-sponsor of the conference) include Israel's Welfare and Social Services Minister Isaac Herzog and New Jersey Congressman Chris Smith.

The Jerusalem Post reported that the state is preparing to take over responsibility from the UN High Commissioner for Refugees for examining the requests of Africans crossing the Sinai border into Israel for political asylum.

All media reported that yesterday, responding to reforms announced by the Finance Ministry, the Histadrut Labor Federation declared a labor conflict. A general strike might ensue in two weeks.

Yediot reported that American rapper Snoop Dogg will appear in Israel in September. Jewish Canadian singer Leonard Cohen is also scheduled to perform here on September 18.

The Jerusalem Post and Makor Rishon-Hatzofe cited the results of a poll conducted by the Hebrew University's Truman Institute:

68% of respondents are against a cease-fire with Hamas if it does not include freeing Gilad Shalit; 30% said they would support one. 67% of respondents oppose the return of the Golan in exchange for full peace with Syria (56% held that view three months ago). Support for the Clinton parameters/understandings during the Taba talks has gone down to 49%. 57% of Israelis oppose the Saudi peace plan; 39% favor it. 55% believe that the Olmert-Abu Mazen meetings are not useful; 36% believe they must be continued.

Erratum: Defense Minister and Labor Party Chairman Ehud Barak declared yesterday that his party was prepared to call for the dissolution of the Knesset on June 25, and not on July 25 as reported here yesterday.

Mideast:

Summary:

Military correspondent Amos Harel and Palestinian affairs correspondent Avi Issacharoff wrote on page one of the independent, left-leaning Ha'aretz: "Optimists will say these things will happen after the sides reach a truce. Others will say that in accepting the Egyptian initiative, Israel will become one of the first Western states to recognize, at least de facto, the legitimacy of Hamas's rule in Gaza."

Military correspondent Alex Fishman wrote in the mass-circulation, pluralist Yediot Aharonot: "Hamas believes that this is the first lull in its war of independence [a reference to the way Israel won the 1948 war] -- to allow it to breathe fresh air and fix some flaws."

Palestinian affairs correspondent Khaled Abu Toameh wrote in the conservative, independent Jerusalem Post: "Conflicting interests and power struggles in the Palestinian territories and the Arab world are largely responsible for the delay in reaching a cease-fire agreement between the Palestinians and Israel."

Ha'aretz editorialized: "Kadima's delay in finding Olmert a successor should not enable Olmert to remain in office. The moral and practical responsibility to act lies with Kadima leaders, but it is Barak's duty to take the lead in urging them to do so."

Block Quotes:

I. "More Talk, More Fire"

Military correspondent Amos Harel and Palestinian affairs correspondent Avi Issacharoff wrote on page one of the independent, left-leaning Ha'aretz (6/13): "[Yesterday's heavy] shelling can be seen as a ... message by Hamas, directed at the cabinet's decision Wednesday. Israel had announced it was continuing the talks to reach a cease-fire. Hamas decided to show it that the cease-fire would be achieved only on its own terms. In other words, it would try to make Israel squirm and take more fire before accepting the Egyptian-brokered truce. The rockets and mortar shells landed in the Negev while Israel's envoy Amos Gilad was in Cairo, questioning the truce agreement. In principle, Jerusalem says yes to the arrangement, but conditions it on clarifications on two crucial issues -- the deal to release abducted soldier Gilad Shalit and the struggle against arms smuggling from the Sinai into Gaza. As things appear today, both the talks and the fighting will continue intermittently next week as well.... Has Israel's siege on Hamas

achieved its goal? The support for Hamas in the Strip is declining, but not Hamas's hold on the government. The siege has not stopped the rockets on the Negev or the arms smuggling into Gaza. Optimists will say these things will happen after the sides reach a truce. Others will say that in accepting the Egyptian initiative, Israel will become one of the first Western states to recognize, at least de facto, the legitimacy of Hamas's rule in Gaza."

II. "The Lie before the Storm"

Military correspondent Alex Fishman wrote in the mass-circulation, pluralist Yediot Aharonot (6/13): "This week the cabinet adopted the security worldview developed by Israeli governments over the past two decades: What can be postponed until tomorrow will be delayed until the day after tomorrow.... As far as the army is concerned, all options exist -- war in stages, whose climax ... will be the conquest and takeover of the entire Gaza Strip.... As far as Hamas is concerned, this is not a cease-fire that is supposed to lead to a final-status agreement with Israel. Hamas believes that this is the first lull in its war of independence [a reference to the way Israel won the 1948 war] -- to allow it to breathe fresh air and fix some flaws.... But above all, the population in Gaza is tired -- and Hamas knows how to read moods.... In the mean time, [Hamas's] military wing is gearing up for war.... [Hamas] provided the Israeli cabinet session with mortars and rockets that were fired to check ranges ahead of the real battle."

III. "How Arab Rivalries Are Delaying Cease-Fire Process"

Palestinian affairs correspondent Khaled Abu Toameh wrote in the conservative, independent Jerusalem Post (6/13): "Conflicting interests and power struggles in the Palestinian territories and the Arab world are largely responsible for the delay in reaching a cease-fire agreement between the Palestinians and Israel.... Mubarak is ... concerned that another Arab country, not Egypt, will succeed in solving the dispute between Fatah and Hamas.... But, [as a Palestinian] political analyst in Ramallah pointed out, it's highly unlikely that Syrian President Bashar Assad would allow Mubarak's efforts to succeed..... The Saudis are also jockeying for a bigger role in the Israeli-Arab conflict..... The Saudi rulers are also angry with Assad, who, they argue, has been inciting Hamas not to listen to the advice coming from Riyadh. Moreover, the Saudis are said to be very jealous of their rivals in Qatar for striking the historic deal between the warring Lebanese factions. Reports that Qatar was involved in attempts to reach a cease-fire agreement between Israel and the Palestinians have prompted the Saudis to pressure Fatah and Hamas to resolve their differences and form a new unity government."

IV. "Half a Step in the Right Direction"

Ha'aretz editorialized (6/13): "Barak's statement yesterday -- to join the opposition's draft bill calling for early elections -- ups the stakes for Olmert. His announcement, like Olmert's, only hints at a move in the right direction. Barak seems fearful of delivering on his threat and is thus weakening his own power.... During this dangerous period, the government may be required to make difficult decisions -- for example, on a military operation in Gaza or a cease-fire -- while the public has no confidence in its leader's judgment or motives. The ball has been in Barak's court for the past month, during the most intensive criminal investigation against Olmert so far. Only Barak can increase the pressure on Kadima to set a final date for its party leader to leave. Barak already has marked Olmert as unfit in principle, but has not done enough to implement this in practice.... Kadima's delay in finding Olmert a successor should not enable Olmert to remain in office. The moral and practical responsibility to act lies with Kadima leaders, but it is Barak's duty to take the lead in urging them to do so."

JONES